

Message Text

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ORIGIN EA-12

INFO OCT-01 ISO-00 PM-05 NSC-05 SP-02 SS-15 CIAE-00
INR-07 NSAE-00 AID-05 IGA-02 TRSE-00 OMB-01 L-03
EB-08 ACDA-07 DODE-00 /073 R

DRAFTED BY EA/TIMBS:DPSULLIVAN:PM/SAS:JNOTARGIACOMO:CCH
APPROVED BY EA - MR. OAKLEY

-----018641 082018Z /73

P 081948Z SEP 77
FM SECSTATE WASHDC
TO AMEMBASSY JAKARTA PRIORITY

C O N F I D E N T I A L STATE 215034

E.O. 11652: GDS

TAGS: MASS, ID

SUBJECT: FMS FINANCING FOR INDONESIA

REF: JAKARTA 12081

1. SPECIFIC ANSWERS TO QUESTIONS PARA 2 REFTEL ARE
AS FOLLOWS:

A. THE FY-77 FMS FINANCING OF 23.1 MILLION DOLS LOAN
PROVIDES TO THE GOI NINE YEAR REPAYMENT PERIOD REGARDLESS
OF DEFENSE ARTICLES DESIRED. HOWEVER, WHEN CREDIT
JUSTIFICATION WAS DRAFTED PRIORITIZED DEFENSE EQUIPMENT
WAS LISTED IN ORDER TO JUSTIFY EXTENDING THE LOAN.
ONE OF THE CONDITIONS UNDER WHICH THE LOAN IS EXTENDED IS
THAT ANY SIGNIFICANT CHANGES IN THE PURPOSE OF THE
GUARANTY OR IN THE TERMS AND CONDITIONS SHOULD BE SUBMITTED
FOR SIMILAR APPROVAL. THEREFORE, CHANGES TO CREDIT JUSTIFI-
CATION ARE ACCEPTABLE IN THE EVENT THAT GOI REPRIORITIZES
ITS MILITARY DEFENSE EQUIPMENT LIST AND IT IS APPROVED BY
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USG.

B. YES, BUT NOTE THAT AS EXPLAINED ABOVE ANY PROPOSED
CHANGES TO CREDIT JUSTIFICATION MUST BE SUBMITTED TO THE
USG FOR APPROVAL.

2. WE WISH TO EMPHASIZE STRONGLY THE IMPORTANCE OF THE

GOI SIGNING THE CREDIT AGREEMENT PRIOR TO SEPTEMBER 30, 1977 SO THAT FUNDS NOT BE LOST. CHANGES IN THE PURPOSE FOR WHICH THE FUNDS ARE TO BE USED MAY BE SUBMITTED AT A LATER DATE.

3. WOULD APPRECIATE WHATEVER INDICATIONS EMBASSY MAY HAVE ON GOI PROGRESS TOWARD DECISION ON F-5'S AND PLANS TO MEET SEPT 30 DEADLINE FOR SIGNING LOAN AGREEMENT. IN VIEW OF WHAT WE KNOW ABOUT PRESIDENT SUHARTO'S PERSONAL INTEREST IN THIS MATTER, EMBASSY SHOULD ENSURE THAT IT IS BROUGHT TO HIS ATTENTION. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY SALES, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770325-1072
Format: TEL
From: STATE
Handling Restrictions: n/a
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Line Count: 73
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Litigation History:
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Original Classification: CONFIDENTIAL
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SAS ID: 1344344
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